

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Bridgeport Charter Township	County Saginaw
Audit Date 6/30/05	Opinion Date March 24, 2006	Date Accountant Report Submitted to State: 6/22/06	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.


We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable boxes for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ yes ☐ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL: 129/91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reports on individual federal financial assistance programs (program audits).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name) Yeo & Yeo, P.C. CPAs			
Street Address 3023 Davenport	City Saginaw	State MI	ZIP 48602
Accountant Signature 			

Bridgeport Charter Township

Saginaw County, Michigan

**Annual Financial Statements
and
Auditors' Report**

December 31, 2005

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Bridgeport Charter Township
List of Elected and Appointed Officials
December 31, 2005

Township Board

Patrick Gilles - Supervisor

Marie Wuerfel - Treasurer

Lee G. Carpenter - Clerk

Richard A. Fisher - Trustee

Walter LaShore - Trustee

Frank Morrison - Trustee

Lisa A. Shaw-Scott - Trustee

Other Officers and Officials

Richard F. Dunnill - Township Manager



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Independent Auditors' Report

To the Township Board
Bridgeport Charter Township
Bridgeport, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Bridgeport Charter Township as of and for the year ended December 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Bridgeport Charter Township as of December 31, 2005 and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information identified in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bridgeport Charter Township's basic financial statements. The accompanying other supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Yeo & Yeo, P.C.

March 24, 2006
Saginaw, Michigan

Bridgeport Charter Township

Management's Discussion and Analysis

Year Ended December 31, 2005

Our discussion and analysis of the Bridgeport Charter Township's financial performance provides an overview of the Township's financial activities for the fiscal year ended December 31, 2005. Please read it in conjunction with the Township's financial statements.

Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended December 31, 2005.

Total net assets related to the Township's governmental activities are \$5,106,580. The unrestricted portions of net assets are \$2,974,520 (see table of statement of net assets on the following page).

State revenue sharing, the Township's largest revenue source, was reduced by about \$10,000 by the State of Michigan this year. In light of continuing State Budget Problems, and constant threat to take away additional revenue sharing, the Township has reacted by invoking tighter controls over all expenditures. Additionally, the Township established a Fund Balance "Cap" (by Township Board Decision) amounting to 180 days of General Fund Expenditures. The Township hopes future increases in tax revenue will counteract the decreases in revenue sharing.

Tax revenues, the Township's second largest, increased approximately \$60,000 from FY 2004. This is representative of the limited new construction in the Township and the result of the total reappraisal of all Township property. Without substantial new development the Township will be faced with near stagnant tax revenue, a direct result of Proposal A, which is a major concern of the Township.

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of Bridgeport Charter Township as a whole and present a longer-term of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing governmental services.

The fund financial statements present a short term view; they tell us how the taxpayer's resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements by providing information about the Township's most significant funds. The fiduciary fund statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the government.

Bridgeport Charter Township
Management's Discussion and Analysis
Year Ended December 31, 2005

Bridgeport Charter Township as a Whole

The following table shows, in a condensed format, the statement of net assets as of December 31, 2005 with comparative totals for 2004.

	Governmental Activities		Business-type Activities	
	2005	2004	2005	2004
Current assets	\$ 3,371,204	\$ 3,807,889	\$ 4,266,595	\$ 3,887,190
Capital assets	<u>2,601,063</u>	<u>2,549,972</u>	<u>11,517,695</u>	<u>11,249,882</u>
Total assets	<u>5,972,267</u>	<u>6,357,861</u>	<u>15,784,290</u>	<u>15,137,072</u>
Current liabilities	264,299	277,751	73,253	67,547
Long term liabilities	<u>601,388</u>	<u>545,727</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>865,687</u>	<u>823,478</u>	<u>73,253</u>	<u>67,547</u>
Total net assets	<u>\$ 5,106,580</u>	<u>\$ 5,534,383</u>	<u>\$ 15,711,037</u>	<u>\$ 15,069,525</u>

The Township's net assets as of December 31, 2005 and 2004 for governmental activities are \$5,106,580 and \$5,534,383, respectively, of which \$2,974,520 and \$3,457,866 are unrestricted assets.

The Township's net assets as of December 31, 2005 and 2004 for business type activities are \$15,711,037 and \$15,069,525, respectively, of which \$4,193,342 and \$3,819,643 are unrestricted assets.

Bridgeport Charter Township
Management's Discussion and Analysis
Year Ended December 31, 2005

	Governmental Activities		Business-type Activities	
	2005	2004	2005	2004
Revenue				
Program revenue				
Charges for services	\$ 653,395	\$ 790,108	\$ 2,164,913	\$ 2,188,815
Operating grants and contributions	29,748	19,703	-	-
Capital grants and contributions	102,076	91,741	318,662	247,889
General revenue:				
Property taxes	1,024,757	965,680	-	-
State-shared revenue	998,118	1,008,543	-	-
Unrestricted investment earnings	118,931	41,528	88,986	58,755
Gain (loss) on sale of capital assets	30,932	65,565	-	(9,304)
Miscellaneous revenue	212,016	69,041	31,062	-
Total revenue	<u>3,169,973</u>	<u>3,051,909</u>	<u>2,603,623</u>	<u>2,486,155</u>
Program expenses				
General government	689,851	575,185	-	-
Public safety	1,643,703	1,464,174	-	-
Public works	1,008,398	952,742	-	-
Community and economic development	19,875	19,595	-	-
Recreation and culture	122,429	142,624	-	-
Other	83,141	81,269	-	-
Interest on long-term debt	30,379	28,673	-	-
Water and sewer	-	-	2,321,791	2,346,933
Total program expenses	<u>3,597,776</u>	<u>3,264,262</u>	<u>2,321,791</u>	<u>2,346,933</u>
Change in net assets	<u>\$ (427,803)</u>	<u>\$ (212,353)</u>	<u>\$ 281,832</u>	<u>\$ 139,222</u>

Bridgeport Charter Township Management's Discussion and Analysis Year Ended December 31, 2005

Governmental Activities

The Township's total governmental activity revenues were \$3,169,973. There was a decrease in State-shared revenue, which has offset with an increase in property taxes.

Governmental activity expenditures of \$3,597,776 were recorded for the year. This included increases in health care costs and property and liability insurance rates. To offset these increases in cost, the Township closely monitored its spending in all other areas.

Business Type Activities

Bridgeport Charter Township's business-type activities consist of Water Fund, Sewer Fund, and Internal Service Fund. The water and sewer funds are both major funds.

The Township provides treated water to the Township residents. The treated water is purchased from the City of Saginaw Water Supply System. The Township water supply system does not currently have any revenue or general obligation bond debt. During fiscal year 2005 the volume of water distributed to residents of the Township decreased slightly.

The Township also provides municipal sanitary sewer to approximately 3,250 homes and business customers.

The Township increased the water rate in 2005. Sewer rates have been increased annually at the rate of inflation. In addition, any increased mandated requirements being passed by the State and Federal legislation will be passed on to users of the system.

Bridgeport Charter Township Funds

The fund financial statements provide detailed information about the most significant funds of Bridgeport Charter Township. The Township Board creates funds to help manage money for specific purposes as well as show accountability for certain activities. The Township's major governmental funds include the General Fund, and Refuse Collection Fund.

a) General Fund

Functions relating to the general governmental activities of the Township, which are financed by property tax levies, by distribution of State revenues, and from fees charged for various municipal activities and services are recorded in the General Fund. The Township Board's approved budget for the 2005 fiscal year included the use of \$149,635 of the fund balance in the General fund, of which the Township actually used \$385,360 and left \$1,898,381 in fund balance at year end.

**Bridgeport Charter Township
Management's Discussion and Analysis
Year Ended December 31, 2005**

b) Refuse Collection Fund

The Refuse Collection Fund accounts for the revenue and expenditures with the governments refuse collection operation. The Township Board's approved budget for the 2005 fiscal year was balanced and included no use of the fund balance in the Refuse Collection Fund. The Township actually used \$1,479 and left \$495,576 in fund balance at year end.

General Fund Budgetary Highlights

Over the course of the year, the Township Board and Township Manager monitor and amend the budget to account for unanticipated events during the year. The most significant change was a decrease in State shared revenue, additional State and Federal unfunded mandates, legal fees and increased employee benefit costs. Prudent budgeting and continued monitoring of all expenditures reduced the effect of these issues. When taking into account the planned use of a portion of the Township's general fund balance, the Township's departments overall exceeded budget by \$235,725.

Capital Asset and Debt Administration

At the end of 2005 the Township has \$14,118,758 invested in a wide range of capital assets, including land, buildings, equipment, computer equipment, and water and sewer lines.

The final payment on the purchase of a Toyne Pumper for and the completion of the Dixie Hwy water main replacement project of \$495,120 were the only significant changes in capital assets during 2005. Currently the Township does not anticipate any additional capital expenditures. The Township has not experienced any changes in its credit rating nor has it taken on any new debt during fiscal year 2005.

Bridgeport Charter Township does not use the alternative method for reporting infrastructure.

Debt reported in these financial statements is related to the construction of the above-mentioned assets and buildings and is reported as a liability on the statement of net assets.

Bridgeport Charter Township
Management's Discussion and Analysis
Year Ended December 31, 2005

Economic Factors and Next Year's Budgets and Rates

The Township's budget for fiscal year 2006 includes an approximate five percent decrease. The decreases are a result of belt tightening in all general fund departments. However, the Township needs to continue to monitor its budget very closely. The state-wide Tax Reform Act limits growth in taxable value on any individual property to the lesser of inflation or five (5) percent. Because some properties increase by less than inflation, the mathematical result of this is that the total taxable value of the Township will grow less than inflation, before considering new property additions. State revenue-sharing payments were decreased again this year with the potential to decrease again in FY 2006 due to State cutbacks and less sales tax receipts at the State level. These factors, coupled with recent decreases from historical norms in other revenues, including charges for services, continue to have a concern on the Township's ability to balance its budget.

Despite these concerns, the Township will continue to operate as efficiently as possible in the next fiscal year. With a decreased amount of funds budgeted for capital improvements and the capping of employee health benefits, the Township is hopeful to offset the decrease in revenues that will continue to exist.

To encourage additional growth the Township has taken advantage of all available grant opportunities. While a financial match is often required of the Township for grant funded projects, the Township has taken a fiscally responsible approach of ensuring adequate funds are available for such projects. In addition, the Township has continued to view economic development as a primary focus. While economic concerns are often left behind in difficult financial times, the Township has taken the approach that without ensuring a solid future tax base the tough times will continue to exist.

Contacting Bridgeport Charter Township's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of Bridgeport Charter Township's finances and to show the Township's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the Township.

Bridgeport Charter Township
Statement of Net Assets
December 31, 2005

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 734,081	\$ 572,661	\$ 1,306,742	\$ 155,389
Investments	649,501	2,975,161	3,624,662	798,736
Receivables				
Taxes	812,252	11,530	823,782	279,495
Customers	21,847	539,571	561,418	-
Special assessments	-	4,516	4,516	-
Accrued interest and other	8,501	24,600	33,101	6,900
Due from other units of government	925,858	-	925,858	67,212
Internal balances	3,620	(3,620)	-	-
Inventories	6,966	68,392	75,358	-
Prepaid items	208,578	73,784	282,362	4,778
Capital assets, net	<u>2,601,063</u>	<u>11,517,695</u>	<u>14,118,758</u>	<u>151,380</u>
Total assets	<u>5,972,267</u>	<u>15,784,290</u>	<u>21,756,557</u>	<u>1,463,890</u>
Liabilities				
Accounts payable	128,342	50,453	178,795	11,892
Accrued and other liabilities	2,874	-	2,874	8,600
Due to other units of government	18,157	-	18,157	-
Noncurrent liabilities				
Due within one year	114,926	22,800	137,726	52,100
Due in more than one year	<u>601,388</u>	<u>-</u>	<u>601,388</u>	<u>1,180,000</u>
Total liabilities	<u>865,687</u>	<u>73,253</u>	<u>938,940</u>	<u>1,252,592</u>
Net Assets				
Invested in capital assets, net of related debt	1,929,649	11,517,695	13,447,344	-
Restricted for:				
Debt	202,411	-	202,411	-
Unrestricted	<u>2,974,520</u>	<u>4,193,342</u>	<u>7,167,862</u>	<u>211,298</u>
Total net assets	<u>\$ 5,106,580</u>	<u>\$ 15,711,037</u>	<u>\$ 20,817,617</u>	<u>\$ 211,298</u>

See Accompanying Notes to Financial Statements

Bridgeport Charter Township
Statement of Activities
For the Year Ended December 31, 2005

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total	
Functions/Programs								
Primary government								
Governmental activities								
General government	\$ 689,851	\$ 16,607	\$ -	\$ -	\$ (673,244)	\$ -	\$ (673,244)	\$ -
Public safety	1,643,703	-	16,111	102,076	(1,525,516)	-	(1,525,516)	-
Public works	1,008,398	616,504	13,637	-	(378,257)	-	(378,257)	-
Health and welfare	-	-	-	-	-	-	-	-
Community and economic development	19,875	-	-	-	(19,875)	-	(19,875)	-
Recreation and culture	122,429	20,284	-	-	(102,145)	-	(102,145)	-
Other functions	83,141	-	-	-	(83,141)	-	(83,141)	-
Interest on long-term debt	30,379	-	-	-	(30,379)	-	(30,379)	-
Total governmental activities	<u>3,597,776</u>	<u>653,395</u>	<u>29,748</u>	<u>102,076</u>	<u>(2,812,557)</u>	<u>-</u>	<u>(2,812,557)</u>	<u>-</u>
Business-type activities								
Sewer	1,187,885	855,712	-	61,511	-	(270,662)	(270,662)	-
Water	1,133,906	1,309,201	-	257,151	-	432,446	432,446	-
Total business-type activities	<u>2,321,791</u>	<u>2,164,913</u>	<u>-</u>	<u>318,662</u>	<u>-</u>	<u>161,784</u>	<u>161,784</u>	<u>-</u>
Total primary government	<u>\$ 5,919,567</u>	<u>\$ 2,818,308</u>	<u>\$ 29,748</u>	<u>\$ 420,738</u>	<u>(2,812,557)</u>	<u>161,784</u>	<u>(2,650,773)</u>	<u>-</u>
Component unit								
Downtown Development Authority	<u>\$ 225,508</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				<u>(225,508)</u>
General revenues								
Property taxes					1,024,757	-	1,024,757	376,301
State shared revenue					998,118	-	998,118	-
Unrestricted investment earnings					118,931	88,986	207,917	29,721
Gain on sale of capital assets					30,932	-	30,932	-
Miscellaneous					212,016	31,062	243,078	26,528
Total general revenues					<u>2,384,754</u>	<u>120,048</u>	<u>2,504,802</u>	<u>432,550</u>
Change in net assets					<u>(427,803)</u>	<u>281,832</u>	<u>(145,971)</u>	<u>207,042</u>
Net assets - beginning of year					5,534,383	15,069,525	20,603,908	4,256
Prior period adjustment					-	359,680	359,680	-
Net assets - beginning of year (restated)					<u>5,534,383</u>	<u>15,429,205</u>	<u>20,963,588</u>	<u>4,256</u>
Net assets - end of year					<u>\$ 5,106,580</u>	<u>\$ 15,711,037</u>	<u>\$ 20,817,617</u>	<u>\$ 211,298</u>

See Accompanying Notes to Financial Statements

Bridgeport Charter Township
Governmental Funds
Balance Sheet
December 31, 2005

		Special Revenue Fund		
	General	Refuse Collection	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 209,611	\$ 77,082	\$ 360,449	\$ 647,142
Investments	425,372	98,623	-	523,995
Receivables				
Taxes	559,417	230,621	22,214	812,252
Customers	21,847	-	-	21,847
Accrued interest and other	4,301	3,500	-	7,801
Due from other units of government	343,270	-	-	343,270
Due from other funds	386,962	176,130	19,496	582,588
Prepaid items	121,691	47,740	8,087	177,518
	<u>\$ 2,072,471</u>	<u>\$ 633,696</u>	<u>\$ 410,246</u>	<u>\$ 3,116,413</u>
Total assets				

See Accompanying Notes to Financial Statements

Bridgeport Charter Township
Governmental Funds
Balance Sheet
December 31, 2005

	General	Special Revenue Fund Refuse Collection	Other Governmental Funds	Total Governmental Funds
Liabilities				
Accounts payable	\$ 43,087	\$ 74,915	\$ 2,816	\$ 120,818
Accrued and other liabilities	574	-	-	574
Due to other units of government	18,157	-	-	18,157
Deferred revenue	<u>112,272</u>	<u>63,205</u>	<u>9,202</u>	<u>184,679</u>
Total liabilities	<u>174,090</u>	<u>138,120</u>	<u>12,018</u>	<u>324,228</u>
Fund Balances				
Reserved for:				
Debt service	-	-	202,411	202,411
Unreserved				
Designated for:				
Police department	31,509	-	-	31,509
Bridge	37,500	-	-	37,500
Fire safety house	1,026	-	-	1,026
Drains	41,873	-	-	41,873
Roads	284,982	-	-	284,982
Government center	42,366	-	-	42,366
Township property	46,193	-	-	46,193
Training	805	-	-	805
Unreserved, reported in:				
General fund	1,412,127	-	-	1,412,127
Special revenue funds	-	495,576	59,950	555,526
Capital project funds	-	-	135,867	135,867
Total fund balances	<u>1,898,381</u>	<u>495,576</u>	<u>398,228</u>	<u>2,792,185</u>
Total liabilities and fund balances	<u>\$ 2,072,471</u>	<u>\$ 633,696</u>	<u>\$ 410,246</u>	<u>\$ 3,116,413</u>

See Accompanying Notes to Financial Statements

Bridgeport Charter Township
Governmental Funds
Reconciliation of Fund Balances of Governmental Funds
to Net Assets of Governmental Activities
December 31, 2005

Total fund balances for governmental funds	\$ 2,792,185
Total net assets for governmental activities in the statement of net assets is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	2,281,917
Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds.	184,679
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(2,300)
Compensated absences	(47,200)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.	(669,114)
Internal service funds are included as part of governmental activities.	<u>566,413</u>
Net assets of governmental activities	<u><u>\$ 5,106,580</u></u>

Bridgeport Charter Township
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2005

	General	Special Revenue Fund Refuse Collection	Other Governmental Funds	Governmental Funds Total
Revenues				
Taxes	\$ 1,017,004	\$ -	\$ -	\$ 1,017,004
Licenses and permits	768	-	85,621	86,389
Federal grants	102,076	-	-	102,076
State revenue sharing	998,118	-	-	998,118
Other state grants	29,748	-	-	29,748
Charges for services	88,297	464,109	14,555	566,961
Fines and forfeitures	20,061	-	9,023	29,084
Interest income	84,030	6,385	8,401	98,816
Rental income	96,219	-	-	96,219
Other revenue	41,039	15,090	49,190	105,319
Total revenues	<u>2,477,360</u>	<u>485,584</u>	<u>166,790</u>	<u>3,129,734</u>
Expenditures				
Current				
General government	580,379	-	73,586	653,965
Public safety	1,241,635	-	224,378	1,466,013
Public works	487,817	487,063	-	974,880
Community and economic development	15,984	-	-	15,984
Recreation and culture	104,493	-	-	104,493
Other functions	87,859	-	-	87,859
Capital outlay	110,257	-	-	110,257
Debt service				
Principal retirement	12,388	-	21,091	33,479
Interest and fiscal charges	2,608	-	27,771	30,379
Total expenditures	<u>2,643,420</u>	<u>487,063</u>	<u>346,826</u>	<u>3,477,309</u>
Deficiency of revenues under expenditures	<u>(166,060)</u>	<u>(1,479)</u>	<u>(180,036)</u>	<u>(347,575)</u>
Other financing sources (uses)				
Transfers in	-	-	230,000	230,000
Transfers out	(230,000)	-	-	(230,000)
Sale of fixed assets	10,700	-	-	10,700
Total other financing sources and uses	<u>(219,300)</u>	<u>-</u>	<u>230,000</u>	<u>10,700</u>
Net change in fund balance	<u>(385,360)</u>	<u>(1,479)</u>	<u>49,964</u>	<u>(336,875)</u>
Fund balance - beginning of year	<u>2,283,741</u>	<u>497,055</u>	<u>348,264</u>	<u>3,129,060</u>
Fund balance - end of year	<u>\$ 1,898,381</u>	<u>\$ 495,576</u>	<u>\$ 398,228</u>	<u>\$ 2,792,185</u>

See Accompanying Notes to Financial Statements

Bridgeport Charter Township
Governmental Funds
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2005

Net change in fund balances - Total governmental funds \$ (336,875)

Total change in net assets reported for governmental activities in the statement of activities
is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those
assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation expense	(219,531)
Capital outlay	202,958

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue
in the funds.

Property taxes	7,753
Other revenue	(2,989)

Expenses are recorded when incurred in the statement of activities

Compensated absences	4,800
----------------------	-------

Bond proceeds are reported as financing sources in the governmental funds and thus contribute to the change in
fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not
affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds
but reduces the liability in the statement of net assets.

Debt issued	(135,775)
Repayments of long-term debt	33,479

Internal service funds are also included as governmental activities

18,377

Change in net assets of governmental activities \$ (427,803)

See Accompanying Notes to Financial Statements

Bridgeport Charter Township
Proprietary Funds
Statement of Net Assets
December 31, 2005

	Enterprise Funds			Internal Service Funds
	Sewer	Water	Total	
Assets				
Current assets				
Cash and cash equivalents	\$ 165,759	\$ 406,902	\$ 572,661	\$ 86,939
Investments	2,373,066	602,095	2,975,161	125,506
Receivables				
Taxes	-	11,530	11,530	-
Customers	197,068	342,503	539,571	-
Special assessments, current	488	-	488	-
Accrued interest and other	20,200	4,400	24,600	700
Inventories	-	68,392	68,392	6,966
Prepaid items	51,239	22,545	73,784	31,060
Total current assets	<u>2,807,820</u>	<u>1,458,367</u>	<u>4,266,187</u>	<u>251,171</u>
Noncurrent assets				
Restricted assets				
Special assessments receivable, deferred	4,028	-	4,028	-
Capital assets, net	<u>5,643,469</u>	<u>5,874,226</u>	<u>11,517,695</u>	<u>319,146</u>
Total noncurrent assets	<u>5,647,497</u>	<u>5,874,226</u>	<u>11,521,723</u>	<u>319,146</u>
Total assets	<u>8,455,317</u>	<u>7,332,593</u>	<u>15,787,910</u>	<u>570,317</u>

See Accompanying Notes to Financial Statements

Bridgeport Charter Township
Proprietary Funds
Statement of Net Assets
December 31, 2005

	Enterprise Funds			Internal
	Sewer	Water	Total	Service Funds
Liabilities				
Current liabilities				
Accounts payable	\$ 10,422	\$ 40,030	\$ 50,452	\$ 7,524
Accrued and other liabilities	11,000	11,801	22,801	-
Total current liabilities	21,422	51,831	73,253	7,524
Net Assets				
Invested in capital assets, net of related debt	5,643,469	5,874,226	11,517,695	319,146
Unrestricted	2,790,426	1,406,536	4,196,962	243,647
Total net assets	\$ 8,433,895	\$ 7,280,762	15,714,657	\$ 562,793
Some amounts reported for business-type activities in the statement of net assets are different because certain internal service funds assets and liabilities are reported with business-type activities			(3,620)	
Net assets of business-type activities			\$ 15,711,037	

See Accompanying Notes to Financial Statements

Bridgeport Charter Township
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Year Ended December 31, 2005

	Enterprise Funds			Internal Service Funds
	Sewer	Water	Total	
Operating revenue				
Customer fees	\$ 855,714	\$ 1,309,201	\$ 2,164,915	\$ 15,484
Billings to other funds	-	-	-	168,483
Rental income	-	26,320	26,320	-
Other revenue	-	4,740	4,740	198
Total operating revenue	<u>855,714</u>	<u>1,340,261</u>	<u>2,195,975</u>	<u>184,165</u>
Operating expenses				
Personal services	520,424	286,380	806,804	42,465
Supplies	47,776	408,310	456,086	16,364
Contractual services	21,934	16,362	38,296	6,561
Utilities	80,499	-	80,499	-
Repairs and maintenance	12,537	75,653	88,190	14,904
Other expenses	112,514	69,930	182,444	36,334
Depreciation	391,046	276,632	667,678	75,729
Total operating expenses	<u>1,186,730</u>	<u>1,133,267</u>	<u>2,319,997</u>	<u>192,357</u>
Operating income (loss)	<u>(331,016)</u>	<u>206,994</u>	<u>(124,022)</u>	<u>(8,192)</u>
Nonoperating revenue (expenses)				
Interest income	60,288	28,698	88,986	4,543
Gain (loss) on disposal of assets	-	-	-	20,232
Total nonoperating revenues (expenses)	<u>60,288</u>	<u>28,698</u>	<u>88,986</u>	<u>24,775</u>
Income (loss) before contributions	(270,728)	235,692	(35,036)	16,583
Capital contributions	<u>61,511</u>	<u>257,151</u>	<u>318,662</u>	<u>-</u>
Change in net assets	<u>(209,217)</u>	<u>492,843</u>	<u>283,626</u>	<u>16,583</u>
Net assets - beginning of year	8,508,251	6,563,100	15,071,351	546,210
Prior period adjustment	<u>134,861</u>	<u>224,819</u>	<u>359,680</u>	<u>-</u>
Net assets - beginning of year restated	<u>8,643,112</u>	<u>6,787,919</u>	<u>15,431,031</u>	<u>546,210</u>
Net assets - end of year	<u>\$ 8,433,895</u>	<u>\$ 7,280,762</u>	<u>15,714,657</u>	<u>\$ 562,793</u>

Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities

Change in net assets of business-type activities

See Accompanying Notes to Financial Statements

(3,620)
\$ 15,711,037

Bridgeport Charter Township
Proprietary Funds
Statement of Cash Flows
For the Year Ended December 31, 2005

	<u>Business-type Activities - Enterprise Funds</u>			<u>Internal Service Funds</u>
	<u>Sewer</u>	<u>Water</u>	<u>Total</u>	<u>Equipment</u>
Cash flows from operating activities				
Receipts from customers	\$ 874,385	\$ 1,357,213	\$ 2,231,598	\$ 15,288
Receipts from interfund users	-	-	-	168,483
Payments to suppliers	(289,196)	(555,029)	(844,225)	(98,582)
Payments to employees	(520,424)	(295,680)	(816,104)	(42,465)
Payments for interfund services used	<u>(23,735)</u>	<u>(13,138)</u>	<u>(36,873)</u>	<u>-</u>
Net cash provided by operating activities	<u>41,030</u>	<u>493,366</u>	<u>534,396</u>	<u>42,724</u>
Cash flows from capital and related financing activities				
Proceeds from special assessments	818	-	818	-
Capital contributions	61,511	257,151	318,662	-
Purchases/construction of capital assets	(168,214)	(792,870)	(961,084)	(147,689)
Proceeds from sale of capital assets	<u>660</u>	<u>24,860</u>	<u>25,520</u>	<u>24,529</u>
Net cash used by capital and related financing activities	<u>(105,225)</u>	<u>(510,859)</u>	<u>(616,084)</u>	<u>(123,160)</u>

See Accompanying Notes to Financial Statements

Bridgeport Charter Township
Proprietary Funds
Statement of Cash Flows
For the Year Ended December 31, 2005

	<u>Business-type Activities - Enterprise Funds</u>			<u>Internal Service Funds</u>
	<u>Sewer</u>	<u>Water</u>	<u>Total</u>	<u>Equipment</u>
Cash flows from investing activities				
Proceeds from sales and maturities of investments	\$ 1,918,308	\$ 2,167,197	\$ 4,085,505	\$ 97,092
Purchases of investments	(1,965,630)	(1,965,630)	(3,931,260)	-
Interest received	61,388	34,698	96,086	5,037
Net cash provided by investing activities	<u>14,066</u>	<u>236,265</u>	<u>250,331</u>	<u>102,129</u>
Net increase (decrease) in cash and cash equivalents	(50,129)	218,772	168,643	21,693
Cash and cash equivalents - beginning of year	<u>215,888</u>	<u>188,130</u>	<u>404,018</u>	<u>65,246</u>
Cash and cash equivalents - end of year	<u>\$ 165,759</u>	<u>\$ 406,902</u>	<u>\$ 572,661</u>	<u>\$ 86,939</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ (331,016)	\$ 206,994	\$ (124,022)	\$ (8,192)
Adjustments to reconcile operating income to net cash from operating activities				
Depreciation and amortization expense	391,046	276,632	667,678	75,729
Changes in assets and liabilities				
Receivables (net)	18,671	16,952	35,623	(394)
Inventories	-	4,085	4,085	(1,387)
Prepaid items	(41,255)	(13,419)	(54,674)	(28,057)
Accounts payable	5,184	321	5,505	5,025
Accrued and other liabilities	(1,600)	1,801	201	-
Net cash provided by operating activities	<u>\$ 41,030</u>	<u>\$ 493,366</u>	<u>\$ 534,396</u>	<u>\$ 42,724</u>

See Accompanying Notes to Financial Statements

Bridgeport Charter Township
Fiduciary Funds
Statement of Net Assets
December 31, 2005

	Deferred Compensation Fund	Agency Funds
Assets		
Cash and cash equivalents	\$ -	\$ 2,089,956
Investments	<u>383,097</u>	<u>-</u>
Total assets	<u>383,097</u>	<u>\$ 2,089,956</u>
Liabilities		
Accrued and other liabilities	-	\$ 64,758
Due to other funds	-	582,588
Due to component unit	-	67,212
Due to other units of government	<u>-</u>	<u>1,375,398</u>
Total liabilities	<u>-</u>	<u>\$ 2,089,956</u>
Net Assets		
Held in trust for pension benefits and other purposes	<u>\$ 383,097</u>	

See Accompanying Notes to Financial Statements

Bridgeport Charter Township
Fiduciary Funds
Statement of Changes in Net Assets
For the Year Ended December 31, 2005

	<u>Deferred Compensation Fund</u>
Additions	
Contributions	
Plan members	\$ 19,741
Investment earnings	
Interest	<u>22,841</u>
Total additions	<u>42,582</u>
Deductions	
Benefits	3,691
Administrative expenses	<u>1,972</u>
Total deductions	<u>5,663</u>
Change in net assets	36,919
Net assets - beginning of year	<u>346,178</u>
Net assets - end of year	<u><u>\$ 383,097</u></u>

See Accompanying Notes to Financial Statements

Bridgeport Charter Township
Notes to Financial Statements
December 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

Bridgeport Charter Township is governed by an elected seven-member Board. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government (see discussion below for description).

Discretely Presented Component Units – The component unit column in the entity wide financial statements include the financial data of the Township's Downtown Development Authority. This unit is reported in a separate column to emphasize that it is legally separate from the Township. The members of the Governing Board of the Downtown Development Authority are appointed by the Township Board. The budgets and expenditures of the Downtown Development Authority must be approved by the Township Board. The Township also has the ability to significantly influence operations of the Downtown Development Authority. The Downtown Development Authority does not issue any other form of financial statements except as contained in the Bridgeport Charter Township annual financial statements.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. *Government activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant

extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Bridgeport Charter Township
Notes to Financial Statements
December 31, 2005

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, state shared revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Refuse Collection Fund accounts for the revenue and expenditures with the government's refuse collection operation.

The government reports the following major proprietary funds:

The Water Fund and the Sewer Fund account for the activities of the water distribution system and sewage collection system.

Additionally, the government reports the following:

The nonmajor special revenue funds account for the proceeds of specific revenue sources requiring separate accounting because of legal or regulatory provisions or administrative requirements.

The Debt Service Fund accounts for the accumulation of resources for, and payment of governmental activities principal, interest and related costs.

Junction Sewer Capital Projects Fund accounts for the construction and acquisition of the Junction Sewer project.

Internal Service Funds accounts for major machinery and equipment purchases and maintenance provided to other departments of the government on a cost reimbursement basis.

The Deferred Compensation Trust Fund accounts for amounts withheld from employees' pay in accordance with the Internal Revenue Code section 457.

Trust and Agency Fund and Current Tax Collection Fund accounts for property tax and other deposits collected on behalf of other units and individuals.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

Bridgeport Charter Township
Notes to Financial Statements
December 31, 2005

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the government Enterprise Fund, of the Electric Enterprise Fund, and the government's Internal Service Funds are charges to customers for sales and services. The government also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for Enterprise Funds and Internal Service Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, liabilities, and net assets or equity

Deposits and investments – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and payables – In general, outstanding balances between funds are reported as “due to/from other funds.” Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “advances to/from other funds.” Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

The 2005 taxable valuation of the government totaled \$209,760,171, on which ad valorem taxes consisted of 4.7465 mills for operating purposes. This resulted in \$899,756 for operating expenses, exclusive of any Michigan Tax Tribunal or Board of Review adjustments. In addition, the taxable valuation of the IFT totaled \$5,122,383, on which taxes consisted of 2.3733 mills. This provided \$3,893 for expenses.

Inventories and prepaid items – Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Bridgeport Charter Township
Notes to Financial Statements
December 31, 2005

Capital assets – Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed.

The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations the government values these capital assets at the estimated fair value of the item at the date of its donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	40 to 60 years
Building improvements	15 to 30 years
Water and sewer system	50 to 75 years
Machinery and equipment	3 to 7 years
Vehicles	3 to 5 years

Compensated absences – It is the Township's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-term obligations – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Comparative data

Comparative data is not included in the Township's financial statements.

Bridgeport Charter Township
Notes to Financial Statements
December 31, 2005

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary information

The Township is subject to the budgetary control requirements of the Uniform Budgeting Act (P.A. 621 of 1978, as amended). Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and all Special Revenue Funds. All annual appropriations lapse at fiscal year end.

Prior to September 1, the Township Supervisor submits to the Township board a proposed operating budget for the fiscal year commencing the following January 1. Public hearings are obtained to obtain taxpayer comments and the budget is legally enacted through passage of an ordinance prior to November 1.

The budget document presents information by fund, activity, department, and line items. The legal level of budgetary control adopted by the governing body is the activity level. The Township Clerk is authorized to transfer budgeted amounts between line items within an activity; however, any revisions that alter the total expenditures of an activity must be approved by the Township Board.

Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent when goods are received or services rendered.

Excess of expenditures over appropriations

The Township incurred expenditures in excess of budget in the General Fund. Excess expenditures in this fund occurred in the following areas:

	<u>Budget</u>	<u>Actual</u>	<u>Excess</u>
General Fund			
General government	\$ 399,260	\$ 580,379	\$ 181,119
Public safety	1,136,183	1,241,635	105,452
Capital outlay	-	110,257	110,257
Debt service	-	14,996	14,996
Transfers out	224,356	230,000	5,644

NOTE 3 - DEPOSITS AND INVESTMENTS

As of year end, the government had the following investments:

<u>Investment</u>	<u>Fair Value</u>	<u>Maturities</u>	<u>Rating</u>	<u>Rating Organization</u>
ML Institutional Fund	\$51,481	Daily	AAA	Standard & Poor's

Interest rate risk – The government does not have a formal investment policy to manage its exposure to fair value losses from changes in interest rates

Credit risk – State statutes and the Township's investment policy authorize the Township to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the local unit is allowed to invest in bonds, securities and other obligations of the United States, or any agency or instrumentality of the United States. United States government or federal agency obligations; repurchase agreements; bankers acceptance of United States Banks; commercial paper rated within the three highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or any of its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

Bridgeport Charter Township

Notes to Financial Statements

December 31, 2005

Concentration of credit risk – The Township minimizes credit risk by investing only in the safer types of securities, pre-qualifying financial institutions, brokers/dealers, intermediaries, and advisors with whom the Township will do business; and diversifying the investment portfolio so that the impact on the investment portfolio resulting from losses on individual securities will be minimized. Not more than 50% of any fund may be invested in commercial paper at any time.

Custodial credit risk – deposits – In the case of deposits, this is the risk that in the event of a bank failure, the Township's deposits may not be returned to them. The Township's deposit policy limits use to twelve (12) banks. As of December 31, 2005, \$ 6,528,687 of the Township's bank balance of \$ 8,034,730 was exposed to custodial credit risk because it was uninsured and uncollateralized.

NOTE 4 - RECEIVABLE

All receivables are expected to be collected within on year.

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unavailable</u>
Primary government	
Property taxes	\$ 179,768
Other revenue	4,911
	<u>\$ 184,679</u>
Component unit	
Property taxes	\$ 47,387
Other revenue	5,587
	<u>\$ 52,974</u>

CAPITAL ASSETS

Capital assets activity of the primary government for the current year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 502,890	\$ -	\$ -	\$ 502,890
Capital assets being depreciated				
Land improvements	613,012	-	-	613,012
Buildings, additions and improvements	1,728,300	-	-	1,728,300
Machinery and equipment	1,697,055	139,881	48,411	1,788,525
Vehicles	960,492	210,766	59,337	1,111,921
Total capital assets being depreciated	4,998,859	350,647	107,748	5,241,758
Less accumulated depreciation for				
Land improvements	383,845	21,351	-	405,196
Buildings, additions and improvements	1,065,258	44,879	-	1,110,137
Machinery and equipment	1,078,559	143,889	44,116	1,178,332
Vehicles	424,115	85,140	59,335	449,920
Total accumulated depreciation	2,951,777	295,259	103,451	3,143,585
Net capital assets being depreciated	2,047,082	55,388	4,297	2,098,173
Governmental activities capital assets, net	\$ 2,549,972	\$ 55,388	\$ 4,297	\$ 2,601,063
Business-type activities				
Capital assets not being depreciated				
Land	\$ 29,110	\$ -	\$ -	\$ 29,110
Construction in progress	24,860	297,749	24,860	297,749
Total capital assets not being depreciated	53,970	297,749	24,860	326,859
Capital assets being depreciated				
Machinery and equipment	3,961,702	59,745	16,040	4,005,407
Water system	8,908,165	495,121	-	9,403,286
Sewer system	8,300,406	108,469	-	8,408,875
Total capital assets being depreciated	21,170,273	663,335	16,040	21,817,568
Less accumulated depreciation for				
Machinery and equipment	2,845,650	190,708	15,380	3,020,978
Water system	3,968,962	250,244	-	4,219,206
Sewer system	3,159,821	226,727	-	3,386,548
Total accumulated depreciation	9,974,433	667,679	15,380	10,626,732
Net capital assets being depreciated	11,195,840	(4,344)	660	11,190,836
Business-type capital assets, net	\$ 11,249,810	\$ 293,405	\$ 25,520	\$ 11,517,695

Bridgeport Charter Township

Notes to Financial Statements

December 31, 2005

Capital assets activity of the component unit for the current year was as follows:

Component Unit	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 151,380	\$ -	\$ -	\$ 151,380
Total capital assets not being depreciated	151,380	-	-	151,380
Component unit capital assets, net	\$ 151,380	\$ -	\$ -	\$ 151,380

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities

General government	\$ 35,288
Public safety	153,237
Public works	9,933
Community and economic development	3,891
Recreation and culture	17,182

Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets

Total governmental activities 295,260

Business-type activities

Sewer	391,046
Water	276,632

Total business-type activities 667,678

Total primary government \$ 962,938

NOTE 6 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
General	Agency	\$ 386,962
Refuse Collection	Agency	176,130
Williamson Debt Service	Agency	19,496
		<u>\$ 582,588</u>

The "due from/to other funds" outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

The details for interfund transfers are as follows:

Funds Transferred From	Funds Transferred To	Amount
General	Other governmental funds	<u>\$ 230,000</u>

Transfers are used to move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

NOTE 7 - LEASES

Operating Leases

The government leases a mailing machine and copier under noncancelable operating leases. Total costs for such leases were \$3,271 for the year ending December 31, 2005. The future minimum lease payments for these leases are as follows:

Bridgeport Charter Township
Notes to Financial Statements
December 31, 2005

Year ending December 31,

2006	\$ 5,612
2007	6,312
2008	5,497
2009	<u>2,541</u>
	<u>\$ 19,962</u>

Bridgeport Charter Township
Notes to Financial Statements
December 31, 2005

NOTE 8 - LONG-TERM DEBT

The government issues bonds to provide for the acquisition and construction of major capital projects. General obligation bonds are direct obligations and pledge the full faith and credit of the government. Installment purchase agreements are also general obligations of the government. Other long-term obligations include compensated absences. Compensated absences are typically liquidated with funds from the General, Sewer and Water Funds.

Long-term obligation activity is summarized as follows:

	Amount of Issue	Maturity Date	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities									
Bonds payable									
General obligation bonds									
1998 Drain Bonds	\$ 825,000	2018	4.750 - 6.800%	\$21,091 - \$42,182	\$ 566,818	\$ -	\$ 21,091	\$ 545,727	\$ 42,182
Installment purchase agreements									
Fire equipment loan	135,775	2010	3.98%	2,090 - 2,491	-	135,775	12,388	123,387	25,544
Total bonds payable					566,818	135,775	33,479	669,114	67,726
Compensated absences					52,000	-	4,800	47,200	47,200
Total governmental activities					\$ 618,818	\$ 135,775	\$ 38,279	\$ 716,314	\$ 114,926
Business-type activities									
Compensated absences					\$ 22,600	\$ 200	\$ -	\$ 22,800	\$ 22,800
Component units									
General obligation bonds									
Downtown development bonds series 2002	\$ 1,365,000	2022	3.000 - 4.800%	\$45,000 - \$110,000	\$ 1,270,000	\$ -	\$ 45,000	\$ 1,225,000	\$ 45,000
Compensated absences					1,900	5,200	-	7,100	7,100
Total component units					\$ 1,271,900	\$ 5,200	\$ 45,000	\$ 1,232,100	\$ 52,100

Bridgeport Charter Township
Notes to Financial Statements
December 31, 2005

Annual debt service requirements to maturity for the above obligations are as follows:

Year Ending December 31,	Governmental Activities	
	Principal	Interest
2006	\$ 67,726	\$ 30,462
2007	68,762	27,424
2008	69,839	24,343
2009	70,960	21,187
2010	57,010	18,079
2011-2015	210,910	58,000
2016-2019	<u>123,907</u>	<u>9,492</u>

	<u>\$ 669,114</u>	<u>\$ 188,987</u>
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Year Ending December 31,	Component Unit	
	Principal	Interest
2006	\$ 45,000	\$ 50,855
2007	50,000	49,430
2008	50,000	47,805
2009	55,000	45,899
2010	55,000	43,837
2011-2015	330,000	182,444
2016-2020	425,000	102,327
2021-2022	<u>215,000</u>	<u>10,414</u>

	<u>\$ 1,225,000</u>	<u>\$ 533,011</u>
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NOTE 9 - RISK MANAGEMENT

The government is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The government has purchased commercial insurance for all claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS

Defined benefit pension plan

Plan description – The government participates in the Michigan Municipal Employees' Retirement System (MERS), an agent multiple-employer defined benefit pension plan that covers all employees of the government. The system provides retirement, disability and death benefits to plan members and their beneficiaries. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to MERS at 447 N. Canal Rd., Lansing, Michigan 48917.

Funding policy – The obligation to contribute to and maintain the system for these employees was established by negotiation with the government's competitive bargaining units and requires a contribution from the employees of 6 percent of gross wages for General, and Police and Fire employees.

Annual pension costs – For year ended 2005, the government's annual pension cost of \$182,579 for the plan was equal to the required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2004, using the entry actual age cost method. Significant actuarial assumptions used include: 1) an 8% investment rate of return; 2)

Bridgeport Charter Township

Notes to Financial Statements

December 31, 2005

projected salary increases of 4.5% percent per year; and 3) 3.5% percent per year cost of living adjustments. Both determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percent of payroll on a closed basis. The remaining amortization period is 30 years.

Three year trend information as of December 31 follows:

	2004	2003	2002
Annual pension cost	\$ 182,478	\$ 152,413	\$ 140,451
Percentage of APC contributed	100%	100%	100%
Actuarial value of assets	4,033,986	3,852,601	3,706,587
Actuarial accrued liabilities	5,160,030	4,901,650	4,585,133
Unfunded AAL	1,126,044	1,049,049	878,546
Funded ratio	78%	79%	81%
Covered payroll	1,480,177	1,458,425	1,314,287
UAAL as a percentage of covered payroll	76%	72%	67%

NOTE 11 - DEFERRED COMPENSATION PLAN

The government Board offers all government employees a deferred compensation plan created in accordance with the Internal Revenue Code, Section 457. The assets of the plans are held in trust by the Township. The plan balances and activities are reflected in the government's financial statements.

NOTE 12 - CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

NOTE 13 - POST-EMPLOYMENT BENEFITS

The Township currently provides post-employment health insurance benefits to qualified retired employees. The cost of these benefits is paid by the Township and is funded on a pay-as-you-go basis. The Township's cost of providing the health insurance benefits to retirees for 2005 was approximately \$47,800. There were twelve participants at December 31, 2005.

NOTE 14 - PRIOR PERIOD ADJUSTMENT

The December 31, 2004 financial statements have been restated to account for the following changes in net assets that were not previously recorded in the prior audit. The following shows the effects of the restatements on the balance sheet.

	Original 2004	Restatement	Restated 2004
Business-type Activities			
Net assets - beginning of year	\$ 15,069,525	\$ -	\$ 15,069,525
Customer receivable	-	359,680	359,680
Net assets - beginning of year restated	<u>\$ 15,069,525</u>	<u>\$ 359,680</u>	<u>\$ 15,429,205</u>

NOTE 15 - UPCOMING ACCOUNTING AND REPORTING CHANGE

The Government Accounting Standards Board has issued Statement No. 45, *Accounting and Reporting by Employers for Postemployment Benefits other than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care. The new rules will cause the government-wide financial statements to recognize the cost of providing retiree healthcare coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending December 31, 2009.

Bridgeport Charter Township
Required Supplemental Information
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
Revenues				
Taxes				
Property taxes	\$ 1,056,537	\$ 1,056,537	\$ 906,107	\$ (150,430)
Administration fee	84,772	84,772	110,897	26,125
Licenses and permits	325	325	768	443
Federal grants	40,500	40,500	102,076	61,576
State revenue sharing	1,021,665	1,021,665	998,118	(23,547)
State grants	12,500	12,500	29,748	17,248
Charges for services	96,600	96,600	88,297	(8,303)
Fines and forfeitures	16,500	16,500	20,061	3,561
Interest income	30,000	30,000	84,030	54,030
Rental income	60,000	60,000	96,219	36,219
Other revenue	39,000	39,000	41,039	2,039
Sale of fixed assets	7,000	7,000	10,700	3,700
Total revenues	<u>2,465,399</u>	<u>2,465,399</u>	<u>2,488,060</u>	<u>22,661</u>
Expenditures				
General government				
Township board	14,453	14,453	13,042	(1,411)
Supervisor	10,636	10,636	11,346	710
Manager	69,656	69,656	79,931	10,275
Accounting	45,276	45,276	67,674	22,398
Clerk	10,667	10,667	11,591	924
Audit	9,500	9,500	5,139	(4,361)
Board of review	1,280	1,280	953	(327)
Treasurer	10,567	10,567	15,575	5,008
Assessor	47,713	47,713	52,350	4,637
Elections	30,898	30,898	36,741	5,843
Buildings and grounds	135,014	135,014	182,656	47,642
Attorney	13,600	13,600	103,381	89,781
Total general government	<u>399,260</u>	<u>399,260</u>	<u>580,379</u>	<u>181,119</u>

Bridgeport Charter Township
Required Supplemental Information
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Public safety				
Police	\$ 720,340	\$ 720,340	\$ 800,356	\$ 80,016
Liquor law enforcement	6,700	6,700	6,700	-
Fire department	409,143	409,143	434,579	25,436
Total public safety	1,136,183	1,136,183	1,241,635	105,452
Public works				
Department of public works	149,382	149,382	155,738	6,356
Sidewalks	4,000	4,000	-	(4,000)
Drains	27,020	27,020	8,375	(18,645)
Highways, streets and bridges	348,791	348,791	236,108	(112,683)
Street lighting	81,000	81,000	87,596	6,596
Total public works	610,193	610,193	487,817	(122,376)
Community and economic development				
Planning	16,090	16,090	15,884	(206)
Zoning	1,148	1,148	100	(1,048)
Total community and economic development	17,238	17,238	15,984	(1,254)
Recreation and culture				
Parks and recreation	123,657	123,657	99,601	(24,056)
Library	-	-	4,892	4,892
Total recreation and culture	123,657	123,657	104,493	(19,164)

Bridgeport Charter Township
Required Supplemental Information
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Other functions				
Insurance and bonds	\$ 27,039	\$ 27,039	\$ 30,459	\$ 3,420
Unallocated employee fringe benefits	69,108	69,108	37,370	(31,738)
Tax tribunal refunds	8,000	8,000	20,030	12,030
Total other functions	104,147	104,147	87,859	(16,288)
Capital outlay	-	-	110,257	110,257
Debt service				
Principal retirement	-	-	12,388	12,388
Interest and fiscal charges	-	-	2,608	2,608
Total debt service	-	-	14,996	14,996
Transfers out	224,356	224,356	230,000	5,644
Total expenditures	2,615,034	2,615,034	2,873,420	258,386
Deficiency of revenues under expenditures	(149,635)	(149,635)	(385,360)	(235,725)
Fund balance - beginning of year	2,283,741	2,283,741	2,283,741	-
Fund balance - end of year	<u>\$ 2,134,106</u>	<u>\$ 2,134,106</u>	<u>\$ 1,898,381</u>	<u>\$ (235,725)</u>

Bridgeport Charter Township
Required Supplemental Information
Budgetary Comparison Schedule
Refuse Collection Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Actual Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 467,830	\$ 478,025	\$ 464,109	\$ (13,916)
Interest income	2,500	5,000	6,385	1,385
Other revenue	<u>11,500</u>	<u>14,975</u>	<u>15,090</u>	<u>115</u>
Total revenues	<u>481,830</u>	<u>498,000</u>	<u>485,584</u>	<u>(12,416)</u>
Expenditures				
Current				
Public works	<u>498,298</u>	<u>498,000</u>	<u>487,063</u>	<u>(10,937)</u>
Deficiency of revenues under expenditures	(16,468)	-	(1,479)	(1,479)
Fund balance - beginning of year	<u>497,055</u>	<u>497,055</u>	<u>497,055</u>	<u>-</u>
Fund balance - end of year	<u>\$ 480,587</u>	<u>\$ 497,055</u>	<u>\$ 495,576</u>	<u>\$ (1,479)</u>

Bridgeport Charter Township
Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2005

	<u>Special Revenue Funds</u>			<u>Debt Service Fund</u>	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Cemetery</u>	<u>Building Inspection</u>	<u>Drug Enforcement</u>	<u>Williamson Debt Service</u>	<u>Junction Sewer Capital Projects</u>	
Assets						
Cash and cash equivalents	\$ 18,157	\$ 30,238	\$ 6,284	\$ 169,903	\$ 135,867	\$ 360,449
Receivables						
Taxes	-	-	-	22,214	-	22,214
Due from other funds	-	-	-	19,496	-	19,496
Prepaid items	<u>1,976</u>	<u>6,111</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,087</u>
Total assets	<u>\$ 20,133</u>	<u>\$ 36,349</u>	<u>\$ 6,284</u>	<u>\$ 211,613</u>	<u>\$ 135,867</u>	<u>\$ 410,246</u>
Liabilities						
Accounts payable	\$ 123	\$ 2,693	\$ -	\$ -	\$ -	\$ 2,816
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,202</u>	<u>-</u>	<u>9,202</u>
Total liabilities	<u>123</u>	<u>2,693</u>	<u>-</u>	<u>9,202</u>	<u>-</u>	<u>12,018</u>
Fund Balances						
Reserved for:						
Debt service	-	-	-	202,411	-	202,411
Unreserved						
Undesignated	<u>20,010</u>	<u>33,656</u>	<u>6,284</u>	<u>-</u>	<u>135,867</u>	<u>195,817</u>
Total fund balances	<u>20,010</u>	<u>33,656</u>	<u>6,284</u>	<u>202,411</u>	<u>135,867</u>	<u>398,228</u>
Total liabilities and fund balances	<u>\$ 20,133</u>	<u>\$ 36,349</u>	<u>\$ 6,284</u>	<u>\$ 211,613</u>	<u>\$ 135,867</u>	<u>\$ 410,246</u>

Bridgeport Charter Township
Other Supplemental Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2005

	Special Revenue Funds			Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Cemetery	Building Inspection	Drug Enforcement	Williamson Debt Service	Junction Sewer Capital Projects	
Revenues						
Licenses and permits	\$ -	\$ 85,621	\$ -	\$ -	\$ -	\$ 85,621
Charges for services	14,555	-	-	-	-	14,555
Fines and forfeitures	-	-	9,023	-	-	9,023
Interest income	(234)	61	77	4,862	3,635	8,401
Other revenue	45	2,397	-	46,748	-	49,190
Total revenues	14,366	88,079	9,100	51,610	3,635	166,790
Expenditures						
Current						
General government	73,586	-	-	-	-	73,586
Public safety	-	220,995	3,383	-	-	224,378
Debt service						
Principal retirement	-	-	-	21,091	-	21,091
Interest and fiscal charges	-	-	-	27,771	-	27,771
Total expenditures	73,586	220,995	3,383	48,862	-	346,826
Excess (deficiency) of revenues over expenditures	(59,220)	(132,916)	5,717	2,748	3,635	(180,036)
Other financing sources						
Transfers in	70,000	160,000	-	-	-	230,000
Net change in fund balance	10,780	27,084	5,717	2,748	3,635	49,964
Fund balance - beginning of year	9,230	6,572	567	199,663	132,232	348,264
Fund balance - end of year	\$ 20,010	\$ 33,656	\$ 6,284	\$ 202,411	\$ 135,867	\$ 398,228

Bridgeport Charter Township
Other Supplemental Information
Component Unit - Downtown Development Authority
Budgetary Comparison Schedule
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Revenues				
Taxes	\$ 275,000	\$ 271,045	\$ 380,594	\$ 109,549
Interest income	5,000	15,861	29,721	13,860
Other revenue	-	-	25,641	25,641
Total revenues	280,000	286,906	435,956	149,050
Expenditures				
Current				
Community and economic development	102,767	97,100	87,392	(9,708)
Capital outlay	80,000	92,571	80,748	(11,823)
Debt service				
Principal retirement	45,000	45,000	45,000	-
Interest and fiscal charges	52,233	52,235	52,368	133
Total expenditures	280,000	286,906	265,508	(21,398)
Excess of revenues over expenditures	-	-	170,448	170,448
Fund balance - beginning of year	1,077,196	1,077,196	1,077,196	-
Fund balance - end of year	\$ 1,077,196	\$ 1,077,196	\$ 1,247,644	\$ 170,448

Bridgeport Charter Township
Component Unit - Downtown Development Authority
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2005

Net change in fund balances - Total governmental funds	\$ 170,448
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Total change in net assets reported for governmental activities in the statement of activities
is different because:

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue
in the funds.

Property taxes	(4,293)
Other revenue	887

Expenses are recorded when incurred in the statement of activities

Accrued interest	200
Compensated absences	(5,200)

Bond proceeds are reported as financing sources in the governmental funds and thus contribute to the change in
fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not
affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds
but reduces the liability in the statement of net assets.

Repayments of long-term debt	<u>45,000</u>
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Change in net assets of governmental activities	<u><u>\$ 207,042</u></u>
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Bridgeport Charter Township
Other Supplemental Information
Schedule of Indebtedness
December 31, 2005

Description	Interest Rate	Date of Maturity	Amount of Annual Maturity	Interest		Total
				Payment 1	Payment 2	
Governmental Activities						
General Obligation Bonds						
1998 Drain Bonds	4.750%	2006	\$ 42,182	\$ 13,507	\$ 12,507	\$ 68,196
Amount of issue - \$ 825,000	4.750%	2007	42,182	12,507	11,505	66,194
	4.750%	2008	42,182	11,505	10,503	64,190
	5.000%	2009	42,182	10,503	9,470	62,155
	5.000%	2010	42,182	9,470	8,436	60,088
	5.000%	2011	42,182	8,436	7,382	58,000
	5.000%	2012	42,182	7,382	6,327	55,891
	5.000%	2013	42,182	6,327	5,273	53,782
	5.000%	2014	42,182	5,273	4,218	51,673
	5.000%	2015	42,182	4,218	3,164	49,564
	5.000%	2016	42,182	3,164	2,109	47,455
	5.000%	2017	42,182	2,109	1,055	45,346
	6.800%	2018	39,543	1,055	-	40,598
			<u>\$ 545,727</u>	<u>\$ 95,456</u>	<u>\$ 81,949</u>	<u>\$ 723,132</u>
Installment purchase agreements						
Fire equipment loan						
Amount of issue - \$ 135,775	3.98%	2006	\$ 25,544	\$ 2,350	\$ 2,098	\$ 29,992
	3.98%	2007	26,580	1,838	1,574	29,992
	3.98%	2008	27,657	1,305	1,030	29,992
	3.98%	2009	28,778	751	463	29,992
	3.98%	2010	14,828	173	-	15,001
			<u>\$ 123,387</u>	<u>\$ 6,417</u>	<u>\$ 5,165</u>	<u>\$ 134,969</u>

Bridgeport Charter Township
Other Supplemental Information
Schedule of Indebtedness
December 31, 2005

Description	Interest Rate	Date of Maturity	Amount of Annual Maturity	Interest		Total
				Payment 1	Payment 2	
Component Unit	3.000%	2006	\$ 45,000	\$ 25,765	\$ 25,090	\$ 95,855
Downtown Development Bonds	3.000%	2007	50,000	25,090	24,340	99,430
Series 2002	3.500%	2008	50,000	24,340	23,465	97,805
Amount of issue - \$ 1,365,000	3.750%	2009	55,000	23,465	22,434	100,899
	3.750%	2010	55,000	22,434	21,403	98,837
	4.000%	2011	60,000	21,403	20,203	101,606
	4.000%	2012	60,000	20,203	19,002	99,205
	4.000%	2013	65,000	19,002	17,702	101,704
	4.100%	2014	70,000	17,702	16,267	103,969
	4.200%	2015	75,000	16,267	14,693	105,960
	4.250%	2016	75,000	14,693	13,099	102,792
	4.375%	2017	80,000	13,099	11,349	104,448
	4.500%	2018	85,000	11,349	9,436	105,785
	4.600%	2019	90,000	9,436	7,366	106,802
	4.700%	2020	95,000	7,366	5,134	107,500
	4.750%	2021	105,000	5,134	2,640	112,774
	4.800%	2022	110,000	2,640	-	112,640
			<u>\$ 1,225,000</u>	<u>\$ 279,388</u>	<u>\$ 253,623</u>	<u>\$ 1,758,011</u>

June 5, 2006

To the Township Board
Bridgeport Charter Township
Saginaw, Michigan

In planning and performing our audit of the basic financial statements of Bridgeport Charter Township for the year ended December 31, 2005, we considered the Township's internal control system to determine our audit procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we became aware of a few matters that are opportunities for strengthening internal controls and increasing operating efficiency. The following paragraphs summarize our comments and recommendations regarding those matters. This letter does not affect our report dated March 24, 2006, on the basic financial statements of Bridgeport Charter Township.

The following is a listing of the comments from the previous year. Their status for the current year follows:

JOURNAL ENTRIES

In reviewing journal entries it came to our attention that there is no review process for journal entries made. An individual should be assigned to look at them for proper amount, classification and for unusual items. This review process will take minimal time and needs to be done on a reoccurring basis. In addition, no support existed to support the journal entries made.

We continue to recommend someone independent of data entry be assigned to print out a complete list of journal entries made each month to review and approve. The list should be initialed by the individual approving them. Also, all journal entries should be accompanied by full explanation and have adequate supporting documentation.

OTHER PRIOR YEAR COMMENTS AND CURRENT STATUS

<u>Other Prior Year Comments</u>	<u>Addressed</u>	<u>Progress Made</u>	<u>No Progress Made</u>
Physical inventory count	X		
Water / Sewer billing system		X	

Comments for the current year:

BOARD MEETINGS

Official copies of the Downtown Development Authority Board of Trustee's minutes were not maintained for all meetings held in the current year. We recommend an individual be assigned the responsibility to maintain a permanent copy for each meeting held. Once the minutes are approved by the Board they should be signed by the secretary. These minutes serve as the only documentation of various discussions and decisions made by the Board.

June 5, 2006

To the Township Board
Bridgeport Charter Township
Saginaw, Michigan

ACCOUNT RECONCILIATIONS

It was noted during the audit that several accounts were not reconciled at the end of the year. Some of these items could have been completed through some of the following: basic general ledger account reconciliations, basic general ledger posting, and simple double entry accounting. We feel that many of these items should have been reconciled by accounting staff. This in turn, increased the time required to complete the audit. In addition, all financial information should be presented to the Board and they should be comfortable that all information is accurate and timely.

We feel that a formal evaluation of the staffing needs of the Township as it relates to its accounting functions are in order. We recommend that management continue to make improvements in this area to make sure the Township Board is getting the most accurate and up to date information on which to make decisions.

TAX RECONCILIATION

The Current Tax Fund was not reconciled in the current year. Undistributed taxes to other entities and to the Township were commingled, thus amounts owed to other entities was not clear. The records should reflect the amounts owed to the entities at all times.

We recommend that management take steps to make sure this fund is reconciled by tracking all receipts and payments and reconciling with the County to make sure they are in agreement.

TIMELY DEPOSITS

We noted that cash receipts were not being deposited on a timely basis. In a few instances towards the end of the year deposits were being made one to two weeks after receipt of payment. In one case \$878,000 was held for just over two weeks before being deposited. Past practice of the Township is to make deposits on a daily basis. As a result, not only is there a risk of loss from misplacement or misappropriation but also cash is not available for expenditures or investment purposes. We recommend deposits be made on a daily basis to both improve cash flow and to properly safeguard assets.

NEW ACCOUNTING AND AUDITING STANDARD

There are several new accounting and auditing standards issued that will affect the Township. Most notably Financial Accounting Standard #43 – Financial Reporting for Post Retirement Benefit Plans Other Than Pension Plans. The Township currently pays for retiree post retirement benefits for twelve former employees on a pay as you go basis. The cost in the current year was about \$47,800. Under this new standard the Township will have to calculate this obligation going forward for retired employees and current employees that may potentially meet the requirements to receive post retirement benefits and recognize this obligation in the 2007 calendar year.

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June 5, 2006

To the Township Board
Bridgeport Charter Township
Saginaw, Michigan

We would like to thank Mr. Dunnill and the entire Township staff for their assistance provided during this years audit. If you have questions or concerns regarding the comments or assistance in implementation of them, please feel free to contact myself at your convenience. We will review the status of our comments at our next engagement.

We appreciate the opportunity to serve the Bridgeport Charter Township.

Very truly yours,

YEO & YEO, P.C.
CPAs and Business Consultants



Michael Gensch, CPA